

SUPPLEMENTAL SURREBUTTAL TESTIMONY OF
LANE KOLLEN
ON BEHALF OF
THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF
DOCKET NOS. 2017-207, 305, 370-E

**IN RE: JOINT APPLICATION AND PETITION OF SOUTH CAROLINA
ELECTRIC & GAS COMPANY AND DOMINION ENERGY,
INCORPORATED FOR REVIEW AND APPROVAL OF A PROPOSED
BUSINESS COMBINATION BETWEEN SCANA CORPORATION AND
DOMINION ENERGY, INCORPORATED, AS MAY BE REQUIRED, AND
FOR A PRUDENCY DETERMINATION REGARDING THE
ABANDONMENT OF THE V.C. SUMMER UNITS 2 & 3 PROJECT
AND ASSOCIATED CUSTOMER BENEFITS AND COST RECOVERY
PLANS**

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc.
("Kennedy"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075. I am a Vice
President and Principal with Kennedy.

Q. DID YOU FILE TESTIMONY AND EXHIBITS IN THIS PROCEEDING?

A. Yes. I filed direct and surrebuttal testimony and exhibits with the Public Service
Commission of South Carolina ("Commission") on behalf of the Office of Regulatory Staff
("ORS") on September 24, 2018 and October 29, 2018, respectively.

**Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL SURREBUTTAL
TESTIMONY?**

1 **A.** The purpose of my testimony is to respond to the supplemental rebuttal testimony
2 of Dominion Energy, Inc. (“Dominion” or “Company”) witnesses Thomas Farrell and
3 Prabir Purohit wherein they introduce the conceptual framework for an Alternative
4 Customer Benefit Plan (“CBP”).

5 **Q. PLEASE SUMMARIZE YOUR SUPPLEMENTAL SURREBUTTAL**
6 **TESTIMONY.**

7 **A.** I recommend the Commission reject the Alternative CBP. It will cost customers
8 approximately \$140 million more than the Merger CBP and \$420 million more than the
9 ORS Optimal Ratepayer Benefits Plan (“Optimal Plan”) on a net present value basis, the
10 only valid metric for direct comparison of the customer impacts of competing plans. Mr.
11 Purohit cites the nominal (“undiscounted”) cost to customers of the Merger CBP and the
12 Alternative CBP, but those nominal costs are not directly comparable and his claim that
13 the Alternative CBP is a lower cost option is inaccurate and misleading.¹ In no event
14 should the Commission adopt a plan that will cost customers more than the Merger CBP.

15 **Q. MR. FARRELL STATES THAT DOMINION IS “OPEN TO CONSIDERING**
16 **ALTERNATIVE BENEFIT PLAN COMPONENTS . . . AS LONG AS . . . THEY DO**
17 **NOT CHANGE THE FUNDAMENTAL ECONOMIC VALUE OF THE CURRENT**
18 **PROPOSAL [MERGER CBP]” AND THAT “SOLVING FOR THE GREATEST**
19 **REASONABLE BENEFIT FOR THE CUSTOMER . . . WHILE MAINTAINING**
20 **THE ECONOMICS OF THE TRANSACTION FOR OUR INVESTORS HAS**

¹ Mr. Purohit states: “Compared to the Customer Benefits Plan, the Alternative Plan reduces the net undiscounted amount customers would pay over 20 years by about \$1.2 billion.” Prabir Purohit Supplemental Rebuttal at 6.

1 **BEEN, AND REMAINS, OUR CHARGE.” DOES THE ALTERNATIVE CBP**
2 **ACTUALLY MEET EITHER OF THESE CRITERIA?**

3 **A.** No. The Alternative CBP fails each of these criteria. The Alternative CBP will
4 cost customers *more* on a net present value basis and will provide *greater* value to
5 Dominion’s shareholders by charging customers more. It certainly does not reflect a
6 compromise between the ORS Optimal Plan and the Merger CBP on a net present value
7 basis. Rather, the Alternative CBP provides greater value for Dominion shareholders.

8 **Q. IS THERE ANY REASON WHY MR. PUROHIT’S CALCULATIONS**
9 **COMPARING THE MERGER CBP AND THE ALTERNATIVE CBP SHOULD BE**
10 **CONFIDENTIAL?**

11 **A.** No. ORS believes the calculations should be made public.

12 **Q. WILL YOU UPDATE YOUR TESTIMONY BASED ON INFORMATION THAT**
13 **BECOMES AVAILABLE?**

14 **A.** Yes. ORS fully reserves the right to revise its recommendations via supplemental
15 testimony should new information become available not previously provided by the
16 Company or from pending state and federal investigations and lawsuits.

17 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL SURREBUTTAL**
18 **TESTIMONY?**

19 **A.** Yes, it does.